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SUBJECT: AMBASSADOR GUTIERREZ'S TRIP TO BARILOCHE

Summary

11. Ambassador Gutierrez traveled to the Patagonian city of San Carlos de Bariloche for a March 17 meeting with executives of INVAP, an Argentine high-technology company that builds nuclear reactors and satellites. The Ambassador stressed the importance the U.S. attaches to non-proliferation of sensitive nuclear-related technologies, and discussed the possible roles of Argentina and INVAP with regard to such U.S. initiatives as the Global Nuclear Energy Partnership. Ambassador Gutierrez also visited and met with officials from the Bariloche Atomic Center, Argentina's research reactor; local business and cultural leaders; the local subsidiary of U.S.-based power company AES; and local media. End Summary.

INVAP - A World-Class Competitor

12. Ambassador Gutierrez accepted a long-standing invitation and visited Argentine high-technology company INVAP's Bariloche offices March 17. Accompanying the Ambassador were the Defense Attache, two other USAF members attached to the Embassy, Econoff, and ESToff. INVAP is a relatively small company of 360 employees, over two-thirds of whom are skilled technical professionals. It is wholly owned by the Argentine province of Rio Negro, but operates completely without government subsidies. INVAP has separate divisions that develop and produce nuclear, space, radar, and other scientific applications, and is developing a worldwide client base. Specifically, INVAP has prevailed in open tenders against established international competitors, including San Diego-based General Atomics, for contracts to build research reactors in Algeria, Egypt, and Australia. Those reactors are the only ones in the world producing commercial quantities of radioisotopes for medical use using low-enriched uranium, according to INVAP Nuclear Division Strategic Operations Manager Marcelo Salvatore. INVAP is also the prime contractor for a joint program between Argentina's National Commission for Space Activities (CONAE) and NASA to build a series of scientific application satellites. Three such satellites have already been launched, and a fourth (SAC-D) is nearing completion.

13. INVAP Technology Services Head Ricardo Sagarzazu began the visit by showing Ambassador Gutierrez around the INVAP laboratory in which its satellites and other space technologies are constructed. (Note: Chinese President Hu Jintao was given the same tour during a November 2004 visit to INVAP's offices in Bariloche, according to INVAP Business

Affairs director Eduardo Rodriguez Lubary. End Note.) The group then proceeded to another building for a formal briefing by INVAP leadership, which highlighted both INVAP's capabilities and its interest in a more active participation in the U.S. market. According to INVAP, that interest has been thwarted to date by U.S. legislation such as the Buy American Act and the Burr Amendment to the Energy Policy Act of 2005, which INVAP believes unfairly aids competitors from Canada and several European countries.

¶4. Ambassador Gutierrez explained that Buy American Act provisions would be waived in the event that Argentina signed a bilateral FTA with the U.S. or acceded to an eventual FTAA, and noted that INVAP was free to encourage the GOA in that direction. INVAP also believes that its technical capabilities and perception of political neutrality make it an attractive candidate for participation in the DOE's Global Threat Reduction Initiative, although DOE has not awarded INVAP any relevant contracts to date. Likewise, INVAP would like a role in the Administration's Global Nuclear Energy Partnership. ESToff explained that the Embassy has requested guidance and information from Washington on the development of that program, and would inform INVAP as soon as any determination is made regarding the level of Argentine participation in the Partnership. Ambassador Gutierrez closed by thanking his hosts and stressing the importance the U.S. attaches to the non-proliferation of sensitive, dual-use nuclear technology.

Ambassador's Speech

¶5. Fundacion Libertad, a NGO dedicated to free trade, limited government, and safeguarding individual liberties, assembled a group of approximately twenty local businesspersons and intellectuals for lunch with Ambassador Gutierrez.

The Ambassador addressed the group, providing an overview of the status of the bilateral relationship, and fielded questions, most of which had a Latin American regional focus. The Ambassador described the USG's perspective on the November 2005 Summit of the Americas, noting the utility of the free trade debate that arose there. He also explained U.S. policy toward Cuba, Venezuela, and the Southern Cone.

Visit to U.S.-Based Power Company

¶6. After lunch, the Ambassador visited the Bariloche offices of AES Andes, the local subsidiary of U.S. power company AES.

AES is one of several U.S. power companies that took the GOA to World Bank (ICSID) arbitration over the pesification of contracts and the fixing of gas prices. Assisted by the Embassy, AES subsequently initiated successful and precedent-setting talks with the GOA that resulted in AES becoming the first foreign company to negotiate the suspension of an ICSID case against the GOA. AES briefed the Ambassador on the state of its relations with the GOA and on its local business.

Media

¶7. Ambassador Gutierrez capped the visit by discussing the bilateral relationship and U.S. policy objectives with local media. The outlets represented were "Rio Negro," the most influential regional daily, and the local affiliate of National Radio. Bariloche's journalists found enough material from the interview for three radio broadcasts and a three-page story in Rio Negro's Sunday supplement.

Comment

¶8. Apart from INVAP's focus on breaking into the U.S. market, what was striking about the concerns of locals with whom the Ambassador came into contact was their interest in the U.S. posture toward the region. The Ambassador's interlocutors appeared to take the stability of the U.S.-Argentina relationship for granted, and were more interested in discussing the U.S. position with regard to Bolivia, Cuba, and Venezuela. End Comment.

¶9. To see more Embassy Buenos Aires reporting, visit our website at: <http://www.state.sgov.gov/p/wha/buenosaires>
GUTIERREZ